



Federal Tax Ombudsman Pakistan

Annual Report
2010



Federal Tax Ombudsman Pakistan

Making a Difference

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The Office of the Federal Tax Ombudsman (FTO) is a quasi-judicial forum established under the Ordinance (No XXXV) of 2000, with the objective of providing inexpensive and expeditious redress against unfair and arbitrary treatment of taxpayers by the Revenue Division/ Federal Board of Revenue. The FTO secretariat started functioning in September 2000. It comprises its headquarters at Islamabad and Regional Offices at Karachi, Lahore, Peshawar and Quetta.

The law empowers the FTO to entertain complaints against all the FBR officials collecting Income tax, Customs duties, Sales tax and Federal Excise duty. The FTO is empowered to identify and review systemic issue and emerging maladministration-related problems within the FBR and its field offices. Any citizen can also file complaint with the FTO against the FBR for not providing the required information as per the Freedom of Information Ordinance, 2002.

The FTO Office maintains a comprehensive website: www.fto.gov.pk.

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



Islamabad,

8 December 2011

Dear Mr. President,

I have the honour to submit you the tenth Annual Report of the Office of the Federal Tax Ombudsman. This report provides an overview of our activities and operations from 1 January 2010 to 31 December 2010 and highlights the achievements of the FTO Office, as it works to ensure that taxpayers of Pakistan get fair treatment they are entitled to from the Revenue Division/FBR.

Yours sincerely,

(Dr Muhammad Shoaib Suddle)



FTO Dr Muhammad Shoab Suddle with members of the Lahore Chamber of Commerce and Industry on 8 March 2010

Contents

1. Our Vision, Mission and Values	1
2. Message by the FTO	3
3. Highlights - 2010	9
4. Our Jurisdiction	11
5. Our Work in 2010	15
6. What Taxpayers Say About Us	23
7. Tax Maladministration: Case Studies	27
8. Institutional Capacity Building	41
9. Challenges	47
10. Interaction with Stakeholders	49
11. How to Contact Us	60



Measures to enhance transparency in Tax Collection and role of the FTO. Hotel Sheraton, Karachi



Our Vision, Mission and Values

VISION

Eliminating tax maladministration and helping taxpayers receive the highest level of service.

MISSION

Redressing taxpayers' grievances and diagnosing systemic issues of tax administration.

VALUES

- Our core values are impartiality, independence, integrity, transparency and objectivity
- We seek to ensure that taxpayers are treated professionally and courteously
- We are easily accessible to address taxpayers' complaints free of cost in the shortest possible time
- We pursue high quality in all that we do



FTO Dr Muhammad Shoab Suddle meets Custom's officials during his visit to Customs House in Karachi on 3 November 2010

2

Message by the FTO



**Dr Muhammad
Shoaib Suddle,
the Federal
Tax Ombudsman**

This report focusses on the activities of the Office of the Federal Tax Ombudsman (FTO) as it completed the tenth year of its operations in 2010.

At the beginning of my tenure in June 2009, I set four main priorities for this organisation: to establish a relationship of trust with taxpayers; to resolve the taxpayers' grievances in the shortest possible time; to increase public awareness of the FTO Office; and to enhance capacity of the organisation.

I am pleased to say there has been significant improvement on all the counts. We took several steps to win the confidence of taxpayers, including intensified monitoring of implementation of FTO's recommendations, suo moto actions to provide relief to a large number of taxpayers without any formal complaints from them, stepped-up interaction with stakeholders and proactive diagnosis of systemic issues of tax maladministration. The FTO Office conducted focussed and intense monitoring to ensure that its decisions were implemented by tax

Our work in 2010 resulted in the resolution of 1,437 complaints and refunds worth Rs7 billion.

functionaries within the time allowed. All these actions resulted in giving taxpayers confidence that if treated unfairly, they would get the relief due from the FTO. Displaying more sensitivity to taxpayers' problems, the FTO Office went one step further and started suo moto investigations involving systemic or significant service-delivery issues - a measure taken for the first time since the establishment of FTO Office in 2000. These suo moto actions resolved 195,331 cases and helped taxpayers receive refunds amounting to Rs5.1 billion from the FBR. Our recommendations in all types of complaints resulted in the refund of more than Rs7 billion to the aggrieved taxpayers. The fact that hapless taxpayers got 32 times more of their stuck money in 2010 as compared to what they could get, on average, during the past nine years is a testimony of the new heights the FTO Office has been able to achieve in providing relief to taxpayers.

We made serious efforts to reduce the time consumed in the investigation of taxpayers' complaints. In 2010, the FTO Office brought down the average disposal time of a complaint to 67 days from 117 days in the previous year. During 2010, a total of 1,446 taxpayers filed their complaints with the FTO Office out of which 1,261 were disposed of during the year, besides 176 complaints pertaining to 2009. No complaint pertaining to 2009 was

***The FBR and
taxpayers
accepted 80
percent of our
decisions.***

pending at the end of March, 2010. The entire staff of the FTO Office deserves my gratitude for this remarkable output which was the outcome of their hard work and dedication.

Another area of emphasis has been an increased outreach to potential complainants and raising awareness about the FTO Office among taxpayers. During 2010, we set up FTO offices at Peshawar and Quetta, enabling taxpayers in Khyber-Pakhtunkhwa and Balochistan to file their complaints with relative ease without having to travel to Islamabad or Karachi. Further, I held more than a dozen meetings with senior officials of the FBR, tax lawyers and members of the business associations across Pakistan. This interaction proved quite informative and useful to us while our discussions with the FBR led to increased sensitivity about the need for prompt handling of taxpayers' grievances and our meetings with stakeholders helped us learn more about the systemic issues plaguing the tax administration.

The systemic issues taxpayers are repeatedly facing at the hands of tax functionaries include non-response to their complaints, weak monitoring of pendency, lax supervision, unreasonable delay in disposal of claims for tax refund and duty drawback, inefficient handling of the assessment cases, discriminatory treatment of taxpayers, high-handed

FBR on our suggestion introduced Expeditious Refund System (ERS) under which Sales tax refund is being processed through electronic verification system.

and arbitrary assessments, non-observance of statutory time limits and avoidable prolonged litigation. The recurrence of the same kind of maladministration also suggests that the FBR needs to improve its internal accountability system so as it could work as an effective deterrence against the malpractices of tax officials.

The FBR has implemented certain recommendations given by the FTO Office to address the systemic issues. A significant development is that FBR on our recommendation introduced Expeditious Refund System (ERS) under which Sales tax refund is processed through electronic verification system. The FBR Chairman also issued a Standing Order, directing the staff to issue acknowledgement of communications made by taxpayers to improve public confidence in tax departments. I must thank the FBR Chairman for extending increased cooperation to the FTO Office and positively responding to our suggestions.

It is heartening for us that both taxpayers and the FBR accepted most (80 percent) of our decisions. Only 1.25 percent of the taxpayers challenged our decisions before the Hon'ble President of Pakistan. This displays taxpayers' high level of trust in the FTO's institution. The FBR challenged nearly 13.5 percent of our decisions before the Hon'ble President through

The FTO's target for 2011 is to further improve the quality of its services to taxpayers through web-based complaint management system.

Representations. Out of these, the Hon'ble President upheld 80 percent of the FTO decisions.

To further improve our performance and extend our outreach, we visualized a project for IT-enablement of our offices and networking them. The CDWP approved the project in March 2010 and we started its implementation by developing an IT infrastructure at our offices. Further, the FTO Office sent its senior officials to other countries to attend seminars and visit the ombudsman offices working there to learn from their experiences.

The FTO's target for 2011 is to further improve the quality of its services to taxpayers through web-based complaint management system. In the first phase, all the FTO offices, including the head-office and the regional offices, will work through an integrated online complaint management system and in the second phase, taxpayers will be able to file complaints and monitor their status through web-based system.

In this Annual Report, we have compiled the summary of our activities, operations and observations along with the feedback we received from the people who approached us. I hope this report will be a valuable source to related policy makers and tax administrators as it provides a useful overview of our efforts to protect the taxpayers' rights. A perusal of what we did during the previous

year will also guide the staff in the coming year, as all the members of the FTO Office work through 2011 with a mission to do their utmost in resolving the grievances of taxpayers in the shortest possible time and increasing the public confidence in the tax administration.

إِعْدِلُوا هُوَ أَقْرَبُ لِلتَّقْوَىٰ

***Be just; that is nearer
to righteousness.***

6:5:8 (Al Quran)



Highlights - 2010

1,446

total complaints received by the FTO Office during 2010

1,437

total complaints decided by the FTO Office during 2010

1,261 of the decided cases were fresh complaints

176 of the decided cases were carried over from 2009

1,195

complaints decided in favour of the complainants

242

complaints rejected

195,331

refund cases involving systemic issues were decided under *suo moto* jurisdiction of the FTO

67

days were taken on average for the disposal of a complaint by the FTO Office during 2010

07

billion rupees refunded to the taxpayers on FTO's recommendations during 2010, which is more than 32 times the average of the previous 9 years

80

percent of the decided cases by the FTO Office in 2010 were accepted by the FBR and taxpayers.



Our Jurisdiction

The FTO diagnoses, investigates, redresses and rectifies any injustice done to a taxpayer by a tax official.

The Federal Tax Ombudsman (FTO) Office can entertain complaints against the Federal Board of Revenue's (FBR) officials collecting income tax, sales tax, customs duties and federal excise duty. Taxpayers can also file complaints with the FTO against the Revenue Division/FBR and their field offices for not providing the required information in defiance of the Freedom of Information Ordinance, 2002. The FTO legislation empowers the Ombudsman to diagnose, investigate, redress and rectify any injustice done to any taxpayer through maladministration by a tax official. The important areas of maladministration which the FTO can investigate include decisions or processes which are contrary to law, rules or regulations; or are perverse, arbitrary, discriminatory or unreasonable. The definition of maladministration also covers exercise of official power for corrupt or improper motives; neglect, inattention, delay, incompetence and inefficiency.

The FTO has the authority to investigate complaints on such grounds as issuance of

FTO can investigate decisions or processes which are contrary to law, rules or regulations; or are perverse, arbitrary, discriminatory or unreasonable.

repeated notices, requirement of unnecessary attendance and prolonged hearings deliberately done to harass taxpayers. The Ombudsman investigates cases involving wilful withholding of refunds, coercive methods of tax recovery and the FBR's avoidance of disciplinary action against an officer who has been held to be vindictive, whimsical or biased by the FTO.

The FTO himself can initiate an inquiry into any complaint or assign his officials to conduct the probe. In the process, the authorised official is entitled to have access to any official document necessary for investigation.

The FTO can issue warrant ordering a person to appear before him. He can take cognizance of cases referred to him by the President, the Parliament, the Supreme Court or a High Court during the course of any proceedings, or of his own motion.

Under Section 16 of the Establishment of the Office of Federal Tax Ombudsman Ordinance, 2000, the Ombudsman has the same powers, *mutatis mutandis*, as the Supreme Court to punish any person for contempt, if he abuses, interferes with, impedes, imperils, or obstructs the process of the FTO in any way or disobeys his orders. In case the charge of maladministration gets established against a tax functionary, the Ombudsman may recommend to the concerned authority for an

All the executive authorities throughout Pakistan are required to act in aid of the FTO.

appropriate remedial action. He can recommend a disciplinary action and order compensation by errant tax official to the aggrieved citizen. The FBR will have to explain reasons in case it does not implement the recommendations within 30 days. If the FTO is not satisfied with the explanation, he can refer the matter to the President of Pakistan.

The FTO performs his functions and exercises his powers independent of the executive. All the executive authorities throughout Pakistan are required to act in aid of the FTO.

Under Section 14(8) of the FTO Ordinance, the Federal Tax Ombudsman has the power to re-examine any finding/recommendation made or any order passed by him. The FTO is also empowered to identify and review systemic and emerging maladministration-related issues within the FBR and its field offices that have a negative impact on taxpayers.

The FTO's jurisdiction does not extend to cases that are *sub judice* before a court or tribunal of competent jurisdiction, except when these cases substantially pertain to maladministration. The FTO can also not carry out functions such as interpretation of law, assessment of tax, valuation, classification of goods, etc. The FTO's jurisdiction is limited to probing and rectifying any maladministration committed in the discharge of these functions by a tax official.



FTO Dr Shoab Suddle's meeting with the taxpayers of Multan on 3 August 2010

5

Our Work in 2010

Out of 1,446 complaints, 955 pertained to income tax, 276 to sales tax, 205 to customs and 10 to federal excise.

EXPEDITIOUS DISPOSAL AND ENHANCED PUBLIC CONFIDENCE

During the year, the FTO Office continued to pursue the policy of expeditious investigation and timely disposal of the complaints, employing the techniques of business process re-engineering (BPR), capacity building, and IT enablement. As a consequence, the FTO Office took on average 67 days (or 58 working days) to dispose of a taxpayer's complaint during 2010, from 117 days for 2009. Over 70 percent of the complaints were decided within 60 days of their receipt, while less than 10 percent took more than 90 days owing to the complexities involved. This was

TABLE 1: TIME TAKEN FOR THE DISPOSAL OF 1,261 COMPLAINTS FILED DURING 2010

Time taken for disposal	Within 60 days	Within 61-90 days	Over 90 days
Number of complaints	883	254	124
Percentage	70.03	20.14	9.83

**TABLE 2: RECEIPT AND DISPOSAL OF COMPLAINTS
IN 2010**

Receipt	Carryover from 2009	Total Complaints	Disposal	Balance
1,446	176	1,622 (1,446 + 176)	1,437*	185

*1,261 fresh complaints and 176 cases carried over from 2009

unprecedented performance not only since the establishment of this office but also compared to other ombudsman offices at home and abroad.

***The FTO
Office
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within 60
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receipt.***

Our target for 2011 is to further reduce the time taken in disposal of complaints through an increased use of IT-networking of our offices and web-based complaint management system.

In 2010, the FTO disposed of a total of 1,437 complaints. While previous year's 176 complaints were decided by March 2010 and over 87 percent (1,261) of the fresh complaints (1,446) received in 2010 were also disposed of during the year; 185 complaints pending at the end of 2010 were mostly those filed in November and December 2010.

Out of 1,437 decided complaints, the FTO rejected 242 (17 percent). In 1,195 cases (83 percent), the taxpayers received relief from the FTO. Out of these, in 367 cases, the FTO redressed the grievances of the taxpayers without going through the cumbersome process of formal hearings, which

In 2010, the FTO decisions resulted in a refund to taxpayers, which is 32 times more than the average refunded amount during the previous nine years.

is a welcome change on the part of tax officials, while 828 complaints were decided after formal hearings. Out of the formally decided complaints, in 510 cases the FTO recommended to the FBR to provide refunds to the taxpayers. The FTO's findings and recommendations resulted in the refund of more than Rs7 billion to the aggrieved taxpayers during the year, which is 32 times more than the average amount refunded to taxpayers over the past 9 years.

A regional break-up reveals that the FTO's Lahore office attracted more aggrieved taxpayers in 2010, that is, 815 complaints as compared to 398 complaints registered with the Karachi office.

TABLE 3: REGION-WISE RECEIPT AND DISPOSAL OF COMPLAINTS IN 2010

Islamabad		Karachi		Lahore		Quetta	
Receipt	Disposal	Receipt	Disposal	Receipt	Disposal	Receipt	Disposal
219	181	398	345	815	729	14	06

As many as 955 complaints filed during 2010 pertained to Income tax, 276 to sales tax and 205 to customs. Only 10 complaints involved the federal excise.

SUO MOTO ACTIONS

This year, the FTO for the first time exercised its suo moto powers to address incidents of tax maladministration involving systemic issues. As

For the first time in the history of the FTO Office, as many as 195,331 several-year-old refund claims were got settled under the FTO's suo moto jurisdiction.

TABLE 4: REGION-WISE COMPLAINTS UNDER DIFFERENT TAX HEADS IN 2010

Office	Income Tax	Sales Tax	Customs	Federal Excise	Total
Islamabad	179	21	14	5	219
Karachi	114	119	161	4	398
Lahore	656	131	27	1	815
Quetta	6	5	3	0	14
Total	995	276	205	10	1446

many as 195,331 several-year-old refund claims were got settled under suo moto actions by the FTO during the year under review. This proactive step led to refunds involving Rs5 billion to thousands of cash-starved taxpayers.

These cases included as many as 194,056 duty draw-back cases involving refunds of Rs4.9 billion, 805 customs cases of held-up bank guarantees worth Rs80 million and 400 sales tax cases involving refund of Rs180 million. These sales tax cases were brought to the notice of the FTO during his visit to the Sialkot Chamber of Commerce and Industry in February 2010. Besides, another amount of Rs191 million got refunded in 70 additional Sales tax cases.

Similarly, on his own initiative, the FTO intervened with the FBR to get resolved hundreds of customs

Only 1.25 percent of the complainants filed applications to the Hon'ble President against the FTO's decisions.

cases stuck owing to procedural formalities for the last several years.

REVIEWS AND REPRESENTATIONS

The FBR and taxpayers have the option under the law to either apply to the FTO for Review of a decision or challenge it before the President of Pakistan, through a process called Representation.

Out of 1,437 decided cases, the FBR and taxpayers went into Reviews and Representations in a total of 296 (20.60 percent) cases. Thus, the FBR and taxpayers accepted nearly 80 percent of the FTO decisions, indicating a high level of trust in this institution by both the parties.

Out of 1,437 FTO decisions during 2010, the aggrieved parties moved the FTO for Review in 84 cases (5.85 percent).

A total of 212 (14.75 percent) FTO decisions were challenged before the Hon'ble President - 18 (1.25 percent) by taxpayers and 194 (13.5 percent) by the FBR. Further, in about 80 percent of total Representations, the Hon'ble President upheld the

TABLE 5: STATUS OF REPRESENTATIONS MADE TO THE HON'BLE PRESIDENT

Pendency at the beginning of 2010	Filed during 2010	Disposal during 2010	Balance
193	212	56	349

FTO's decisions.

SYSTEMIC ISSUES

While investigating the complaints, FTO Office diagnosed systemic issues which taxpayers are repeatedly facing at the hands of tax functionaries.

During the investigation into complaints, the FTO Office came across cases in which tax departments dodged the taxpayers for years - 13 years in one case involving 135 refund claims worth Rs11.93 million. There were instances showing tax officials did not even implement the decisions given in favour of taxpayers by the Appellate Tribunals or the higher judiciary. The extent of maladministration can be gauged by the fact senior tax officials at times blatantly misstated facts during certain hearings before the FTO and forged entries in the documents to hide their maladministration. It has been observed that weak mechanism of inhouse accountability of tax officials encourages recurrence of the same kind of maladministration and needs to be tackled by the FBR.

In 2010, the FTO Office recommended several measures to the FBR for rectification of systemic problems and the FBR positively responded to them. In this regard, Chairman FBR issued a Standing Order No 6(23) Coord/2001-29707-R dated

In 2010, the FTO Office suggested several measures to the FBR for rectification of systemic problems.

Accepting FTO's suggestion, the FBR Chairman issued a Standing Order, directing tax officials to acknowledge letters by taxpayers.

3.3.2011 directing immediate issuance of acknowledgment of communication made by taxpayers by letter, SMS or e-mail to improve public confidence in tax departments. Another major development is introduction of Expeditious Refund System (ERS) under which Sales tax refund is being processed through electronic verification system. Under this system, refund applications are promptly acknowledged through the electronic system, eliminating the need for physical interaction of taxpayers with tax officials. Besides, the system electronically indicates discrepancies about input-output and verifies sale-purchase data, which allows ample time to the applications to remove the discrepancies.

Some other FTO's recommendations to the FBR over systemic issues included evolving a workable strategy to address delay in processing of refund claims; issuing interpretations and clarification over impugned SROs; sorting out taxation issue in tax-exempt jurisdictions on permanent basis; and amending relevant rules for examination of imported goods by the Customs in the presence of importers or their representatives.



Federal Tax Ombudsman's visit to S.I.T.E Karachi



What Taxpayers Say About Us

The FTO Office received letters of appreciation and thanks from a number of taxpayers whose grievances were redressed by it. Following are excerpts from some of these letters:

“We are grateful to you for promptly addressing the grievances of our client and offer our appreciation in respect of this act of kindness. We like to intimate you with immense satisfaction that the Inland Revenue Department has restored the business name of our client, M/S Chicago Metal Works (Pvt), Industrial Estate, Multan, in the Active Taxpayers List on the FBR website.”

Riaz Ahmad of Raja & Company, Income Tax Practitioners and Customs Clearing Agents, 19 January 2010

“The FBR was not issuing me the refund claim despite repeated requests, but on the FTO's direction I received it in a very short time. I have no words to praise the friendly attitude of your staff.”

Abdul Sattar Alvi, K R L Colony, Sumbal Gah, Kahuta, Rawalpindi, 10 February 2010

“The FBR did not issue my refund for two years, but on your intervention I received the cheque by post in a few days. I wish all the offices of the country start working like FTO Office.”

Syed Abdul Malik, House 102, Street 86, Sector G/8-1, Islamabad, 11 May 2010

“This is the first time that I have got my refunds from the FBR without bribing the tax officials because of the FTO Office's help. You have appointed honest advisers, which was the reason I could get the refund expeditiously.”

Ghulam Yameen, Messes Yameen Weaving Factory, Pensara Road, Gojra and four other applicants, 23 July 2010

“We have received our refund from the FBR for the years of 2003, 2005 and 2006 after filing the complaint with the FTO Office. The working of your office provides an example of good governance to others.”

Mian Zafar Iqbal, Advocate High Court, for M/S Abdul Ghaffar Kabbaria Rajjana Road, Kamalia, Gojra, 5 October 2010

“Our grievance for which we had filed appeal with the FTO Office has been resolved and the case has been settled. We extend our gratitude for providing us speedy justice.”

Messes Taxperts Tax Consultants on behalf of Pirani Trading, Karachi, 6 October 2010

“We are extremely thankful to you that we have received the rebate and refund from the FBR as a result of your decision on our complaint. This reflects the justice your office is providing to even an ordinary taxpayer.”

Naeem Uddin, M R & Associates on behalf of M/s Blue Horizon Pvt Ltd, Karachi, 8 October 2010

“We appreciate the sincere and result-oriented efforts made by the FTO in providing taxpayers a forum that not only entertains their grievances but also administers speedy justice.”

Ajeet Sunder, Sarmast Law Associates, Advocates & Legal Consultants; 13 October 2010

“As a result of intervention of your office, we received a refund of Rs457,945 from the FBR's Regional Tax Office, Faisalabad.”

Shiekh Nazar Muhammad & Company (Pvt), Jhang; 2 December 2010

“Our complaint has been resolved by the Income Tax Department, Karachi, and we have received Rs4,458,921 in refund. On behalf of our client we are thankful to you for resolving the matter.”

Siddiqui & Company on behalf of Himaliya Packages, Karachi, 20 December 2010



Tax Maladministration: Case Studies

The FTO Office investigated 1,437 cases of tax maladministration during the year under review. Below are given summaries of selected cases decided by the FTO.

without settling refund claim of a taxpayer, the coercive recovery of the tax due from him was unfair and unjust

Customs

CUSTOMS DEDUCT DUES WHILE DELAYING REFUND CLAIM

M/s Gadoon Textile Mills of Swabi applied for the redress of their complaint against the FBR's Inland Revenue Service and Customs in Peshawar. The bottom line of the complaint was that their claim of over Rs4.23 million was pending with the Customs since 2008, while at the same time they owed a sum of Rs2.23 million to the Department. The tax officials deducted the outstanding amount without reimbursing the amount due to the taxpayer. The applicant said that on average Rs42 million of refund generally remained pending with the Inland

The FTO observed that the Peshawar Customs should have first decided the refund claim and then recovered the tax dues from the party.

Revenue Service.

The FTO decided in favour of the complainant, observing that the Peshawar Customs should have first decided the refund claim and then recovered the tax due from the party. The FTO observed that without settling refund claim of a taxpayer, the coercive recovery of the tax due from him was discriminatory, unfair and unjust. Besides, it was contrary to the well-established concepts of equity, justice and fair play. The FTO directed the Customs to decide the complainant's refund claim within 15 days. He also recommended to the FBR to issue a policy directive to its field offices to simultaneously settle pending refund claims of taxpayers and deduct the dues, if any, from the sanctioned amount of refund before resorting to any coercive measures for recovery. (Complaint No 240/2010)

THE COMPLAINANT FOUND TO BE A CON MAN

A complainant, Asif Siddiqui, of Gujrat applied for the FTO's intervention in an alleged theft case of imported chemicals from China in 2007 through Sust Dryport. The chemicals were worth \$118,656 involving government revenues worth Rs2.5 million. It was a long and complicated story in which, *prima facie*, the complainant was found involved in a fraud along with his brother-in-law, Sufi Arshad, in

The Customs illegally auctioned the complainant's vehicle and spare parts, causing a loss of Rs403,906 to the taxpayer. The FTO held the auction proceedings a nullity in law.

connivance with the Customs' officials at the Dryport. The FTO directed the FBR to conduct thorough investigations into the case and examine the legality and propriety of the practice by the Customs of clearing consignments without necessary documents. The FTO asked the FBR to fix responsibility for those found guilty of the alleged maladministration and fraud in this case and take action against them as per law. (Complaint No 785/2009)

SEIZURE AND ILLEGAL AUCTION BY CUSTOMS, KARACHI

Syed Habib Noor and Muhammad Yousuf, complained that in January 2007 the Karachi Customs seized their vehicle and the motorcycle parts worth Rs 561,100 on the charge that the same had been smuggled from Chaman. The Customs levied a penalty of Rs50,000 on the owner of the vehicle and confiscated the parts and auctioned these for just Rs157,194 in June 2008, causing a loss of Rs403,906, despite the fact that two months ago the Appellate Tribunal had decided the case in favour of the complainants, setting aside the earlier verdicts of the Customs officials. In violation of the Appellate Tribunal's decision, the Customs also did not refund the fine amount, arguing it was time-barred.

The FTO, in his findings, observed that gross

The FTO directed the FBR to set up a committee to evolve workable strategy to address the systemic issue of unacceptable levels of delay in processing of hundreds of thousands of drawback claims.

maladministration was committed in this case. He directed the relevant officials to explain as to why compensation equal to Rs403,906 may not be awarded to the complainant. He also directed the FBR to refund the redemption fine to the complainant and conduct an inquiry to identify the officials who withheld the refund of the fine and auctioned the motorcycle parts. (Complaint No 192-K/2010)

FTO DIRECTS FBR TO SETTLE 150,000 PENDING DRAWBACK CLAIMS

During the leaving of complaint filed by M/s Sultex Industries of Karachi, a manufacturer and exporter of textile products, involving duty drawback claims worth more than Rs1.3 million for the period of 2006-09, the FTO directed the FBR to settle the claims as per law within 30 days, besides settling all 150,000 pending identical refund claims within 3 months and file a monthly progress report to the FTO Office. The FTO recommended to the FBR to set up a committee of relevant officials to evolve workable strategy to address the systemic issue of unacceptable levels of delay in processing of claims.

In his decision, the FTO also observed that the systemic issues were creating financial difficulties for exporters. He observed: "When export rebate is provided as an incentive to exporters to remain competitive, delay in payment by Customs undermines the very spirit of the scheme." The FTO

further observed that tax officials gave priority or attention to a complainant only when he had filed an application with the FTO Office. (Complaint No 708-K/2009)

THREE-YEAR DELAY IN GRANTING DUTY DRAWBACK TO EXPORTER

As soon as the complaint was filed, the FBR cleared all the claims except 14 even without receiving any documents they earlier had asked for.

The tax officials, at times, misrepresented facts in their comments filed before the FTO. A case follows:

M/s Admjee Enterprises of Karachi complained that their 84 claims of duty drawback relating to years 2007 and 2008 were withheld by tax authorities though as per the FBR's SRO these claims were required to be processed as part of processing of goods' declaration and the claim was to be sanctioned immediately after sailing of the vessel. The tax authorities disputed the allegation, saying that the rebate claims were not cleared in some cases as the relevant documents had not been provided by the complainant despite notices and that only 14 claims were pending. However, the FTO's investigation found out that a total of 84 claims were pending and that the FBR had not issued any notice to the aggrieved party prior to the filing of the complaint. The FTO also found out that as soon as the complaint was filed, the FBR cleared all the claims except 14 even without receiving any

There was no fool-proof mechanism in the Islamabad Regional Tax Office (RTO) to separate monthly non-filers of sales tax returns from quarterly non-filers.

documents they earlier had asked for. In an earlier decision, the FTO had already asked the FBR to settle all pending 150,000 claims as per law within 3 months. In this case, the FTO observed that the withholding of exporters' claims for three years was not only maladministration but defiance of the FTO recommendations made earlier. The FTO recommended to the FBR to direct the authorities in Karachi to clear remaining claims of the aggrieved party within 15 days. (Complaint No 815-K/2010)

Sales Tax

FBR IMPOSES PENALTY ON A REGULAR TAXPAYER

A CNG station owner, Syed Tahir Haider, of Rawalpindi complained that he had regularly filed his Sales tax returns as per law, but the tax authorities included his name in the non-filers for the month of August 2008 and imposed a penalty on him. The FTO found out that there was no fool-proof mechanism in the Islamabad Regional Tax Office (RTO) to separate monthly non-filers of sales tax returns from quarterly non-filers. The FTO Office's investigations revealed that the tax officials served no show cause notice to the taxpayer and imposed

The FTO investigations found out that the FBR had condoned the delays in a number of other identical cases, but not in this case.

an ex-party penalty on him, which reflected the authority's gross neglect, arbitrariness and injustice. The FTO asked the FBR to direct the RTO to withdraw within 15 days the penalty on the complainant and issue him a letter of apology. The FTO also directed the PRAL to put in place a fool-proof mechanism to avoid such systemic cases of gross maladministration. (Complaint No 667/2010)

REFUND CLAIM DENIED ON TECHNICAL GROUNDS

The tax authorities denied M/s Faisal Textile Industries (Pvt) Ltd of Gujranwala the refund amounting to Rs921,425 of input tax paid on software purchases on the ground they had provided the relevant documents three days after the deadline. The FTO investigations found out that the FBR had condoned the delays in a number of other identical cases. The FTO observed that the treatment given by the tax officials to the complainant was unjust, unfair and discriminatory. He asked the FBR to condone the delay involved in the filing of the refund claim and direct the concerned officials to decide the pending refund claim in accordance with law within 30 days. (Complaint No 864-L/2010)

PUNISHING A TAXPAYER WITHOUT PROOF AND HEARING

The tax officials denied issuing any order for suspending the complainant's registration, but the documentary evidence proved otherwise.

Mr Aslam Pervaiz, the owner of M/s Unique Enterprises, Rawalpindi, complained that the Large Taxpayers Unit (LTU), Islamabad had blocked his refunds on the Sales tax invoices issued by him and suspended his Sales tax registration before audit without providing him an hearing opportunity. According to complainant, he bought furnace oil from reputable companies and supplied the same directly to well-established Independent Power Producers (IPPs). As the amounts of Sales tax involved in these supplies were huge, refunds were also substantial. He alleged that a tax official had extorted a huge bribe from him. The LTU failed to restore his registration even once it was brought to the notice of the competent authorities. The tax officials denied issuing any order for suspending the complainant's registration, but the documentary evidence proved otherwise. The FTO stated that the suspension was illegal and blocking of the complainant's refunds without proving them fake were wrong exercise of powers by the Collector of Sales Tax. The FTO directed the FBR to revisit the suspension of Sales tax's registration of the complainant forthwith and unblock the input adjustment against his invoices. The FTO also directed the FBR to finalize the inquiry into the bribery allegations against the tax official. (Complaint No 728/2010)

30,000 CLAIM FILES MISSING IN SALES TAX DEPARTMENT

The FTO directed the FBR to streamline the procedure to handle pending claims expeditiously and ensure that all Sales tax claims filed till end of 2009 were disposed of by 31 August 2010.

The tax officials frequently presented the excuse of missing document or files from their offices for which taxpayers were made to suffer for years. An example follows:

M/s Saleem Textile complained about the non-settlement of 44 deferred sales tax refund claims worth Rs16.1 million for the period from April 2003 to June 2008, besides 27 claims worth Rs18 million for the period from November 2006 to April 2009. All the refunds were on account of zero-rated exports. The department stated that delay in settlement occurred owing to switch-over to STARR system and frequent changes in the jurisdiction. During the FTO investigations, it was noticed that due to change in the jurisdiction, as many as 30,000 files relating to different claims were yet to be received by the Sales tax department. In the complainant's case, most claims were not traceable. The FTO observed that the department did not respond to the refund applications of the taxpayers and later gave reasons that did not justify delaying the matter for years. He asked the FBR to direct the Chief Commissioner to coordinate efforts of all the concerned to settle claims as per law within 21 days. The FTO directed the FBR to streamline the procedure to handle pending claims expeditiously and ensure that all

Sales tax claims filed till end of 2009 were disposed of by 31 August 2010. (Complaint No 91-K/2010)

BLACKLISTING A COMPANY WITHOUT DUE PROCESS

It appeared that blocking and de-blocking at times was being carried out without adopting proper procedures.

M/s Hamdan Paper Products Ltd of Karachi complained that the Sales tax department blocked his company's name in May 2010 without jurisdiction as the case stood transferred to Large Taxpayers Unit (LTU). The complainant also stated that the concerned tax office blocked his company at a time when the FTO' recommendations to the contrary in an earlier complaint were pending for implementation. He also stated that the concerned tax officials mentioned his company as 'blacklisted' in a communication to another company, which damaged his company's reputation. This was done without serving him any show-cause notice and in disregard to any procedure. The department stated that the mistake of blacklisting would soon be corrected and a letter had already been written for un-blocking the company's name. In his findings, the FTO observed that it appeared that blocking and de-blocking at times was being carried out without adopting proper procedures. He directed the FBR to write a letter of apology to the complainant and direct the Chief Commissioner Regional Tax Office to conduct a fact-finding inquiry in the matter and

The FBR needs to remove confusion from the method of income tax deductions and the rate of tax applied on the profit from the Provident Funds' investment.

propose measures to avoid recurrence of such issues in future. The FTO directed the tax officials to de-block the company within 7 days and implement his earlier directions over the taxpayer's previous complaint. (Complaint No 751-K/2010)

Income Tax

INCOME TAX DEDUCTION FROM THE INCOME OF PROVIDENT FUND'S INVESTMENT

Mr Mehfooz Ali, an employee of Pakistan Steel Mills (PSM) Ltd, Karachi, filed an application with the FTO Office on the issues related to his income tax deductions made by the PSM management, especially on his income from the Provident Fund Trust's investment. This was a complicated case involving discriminatory income tax deductions and the rate of tax applied. The FTO stated that it was claimed that public corporations like the PIA and Pakistan National Shipping Corporation (PNSC) had different policies as regards the income received by the employees from recognized Provident Fund Trusts. There appeared to be confusion among various organizations on the treatment of such income received by their employees. The FTO

***The
department
charged
Workers
Welfare Fund
on the
income in
violation of
directions of
the appellate
authorities.***

observed that the point raised in this complaint was a systemic issue which needed to be addressed by the FBR to remove confusion. He asked the FBR to clarify whether the Pakistan Steel was correctly applying the rate of higher tax on the profit received by its employees on their Provident Fund balance, or should the profit be treated as 'income from other sources' the way some organisations treated this income. (Complaint No 797-K/2009)

**UNLAWFUL WORKERS WELFARE FUND
CHARGED ON INCOME TAX**

M/s T F Pipes of Islamabad, manufacturers of PVC pipes, filed a complaint that the income tax department did not issue them refund claimed by them for years 1999 to 2003, 2006 and 2007. He stated that the department charged Workers Welfare Fund (WWF) on his income in these years in violation of clear directions of the appellate authorities. The department agreed with the complainant's position that WWF was not chargeable in his case, and that the refund would be issued to the complainant. The FTO observed that the unlawful orders passed for charging WWF even after appellate decisions and delay in issuance of refund was tantamount to maladministration. He asked the FBR to ensure that the refund was issued with admissible compensation as per law within 21

days. (Complaint No 1130/2010)

The tax officials did not even provide the taxpayers with opportunity of hearing. The FTO observed that the tax authorities could have condoned the delay under the Section 214A of Income Tax Ordinance 2001.

REJECTING DECLARATION WITHOUT HEARING TAXPAYER

Five persons, Zafar Abbas etc, from Lahore filed a complaint that the income tax department rejected their declarations of the investment tax on account of delay in the filing by 33 days though they had deposited the tax on time. The tax officials did not even provide them with opportunity of hearing. The FTO observed that the tax authorities could have condoned the delay under Section 214A of Income Tax Ordinance 2001. The FTO asked the FBR to provide the opportunity of hearing to the complainants and decide their case on merit within 30 days. (Complaint No 492 to 496-L/2010)

SHIFTING JURISDICTION TO AVOID REFUND CLAIMS

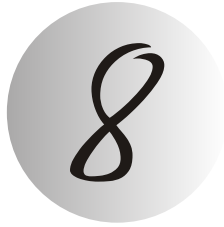
M/s Saba Power Company (Pvt) Ltd complained against the Large Taxpayers Unit (LTU) for allegedly arbitrary shifting of jurisdiction of the company from Islamabad to Lahore, even without providing them an opportunity of hearing. Since 1994, the company was registered with the Security Exchange Commission of Pakistan (SECP) at Islamabad and had been assessed for income tax

The tax officials said the company was using a dummy address in Islamabad, but an FBR official had twice conducted audit of the company at the same address.

here for 16 years and for sales taxes for 5 years. The company alleged that the tax authorities took this step to avoid issuing their huge refund claims worth Rs552 million pending since 2001.

On the other hand, the tax officials stated the company was actually operating from Lahore and using a dummy address in Islamabad. The complainant replied that it had changed its address in Islamabad and got it registered with STARR where an FBR official had twice conducted the audit of the company.

The FTO stated that the facts belied the tax authorities' contention that the company's new address was not known. The FTO asked the FBR to take steps to restore the jurisdiction of the complainant's company to Large Taxpayers Unit at Islamabad and bring the use of discretion by tax officials in the light of the Supreme Court's judgment (PLD 1991 SC 14) over this issue. (Complaint No 790/2010)



Institutional Capacity Building

Under the thematic “Making a Difference” approach, the FTO initiated a major reform and restructuring of his Office.

When Dr. Shoaib Suddle took oath as the FTO in June 2009, the Office was lacking in adequate administrative and organizational infrastructure. Two out of four regional offices at Quetta and Peshawar were non-functional; staff was below the sanctioned strength; investigation officers lacked the requisite skill-set; training facilities were rare and there existed no concept of IT infrastructural development within the Office.

The FTO took several steps to bridge the gaps and enhance the capacity of the organization and its staff. The aging investigation staff was replaced with relatively younger and experienced people; the regional office at Quetta was made functional; linkages with taxpayers were established through frequent visits of the FTO to various chambers of commerce and business associations. A PC-I for enhancing FTO's outreach and upgrading its IT infrastructure was got approved from the Central Development Working Party (CDWP) of the Planning Commission. However, due to non release

IT specialist staff was employed to spearhead e-enablement of the FTO Secretariat with the objective to create a paperless and hassle-free environment.

of the required funds, the pace of implementation remained slow (a small amount of Rs13 million as against the requirement of Rs73 million was released during 2010-2011). The IT infrastructure was started to be developed, with the launching of the official website of FTO Secretariat. Work was also started on FTO Office Computerized Complaint Management System (FCCMS). IT specialist staff was employed to spearhead e-enablement of the FTO Secretariat with the objective to create a paperless and hassle-free environment, saving time and resources. The project when completed will have a web-based, interactive complaint filing system and e-correspondence portal.

As regards training, under the Asian Ombudsman's Regional Technical Assistance (RETA) Project, the investigation staff comprising of Senior Advisor at Islamabad and Advisor in-charge at Lahore attended the well-regarded capacity building programme: "Sharpening Your Teeth", at Bangkok, from 8-11 Feb 2010. The salient themes of this programme included principles of successful investigations, investigative challenges, case assessment, systemic investigations, planning an investigation, witness interviewing, whistle-blowers' protection, physical evidence and its assessment. A special feature of this programme was to share the techniques developed for the Special Ombudsman Response Team (SORT) by the Ombudsman of

The FTO officers visited Malaysia, Thailand, Philippines and the USA to participate in workshops and seminars in order to improve their professional capabilities.

Ontario, Canada.

Advisor Income Tax, Lahore, attended a capacity building programme: “Retreat on Core Principles of Ombudsmanship” organized by Asian Ombudsman Association (AOA), in collaboration with Asian Development Bank (ADB) at Kuala Lumpur, Malaysia, from 14-15 July 2010. The participants identified independence, accessibility and transparency as key principles of an Ombudsman's work and evolved consensus on adoption of fairness, flexibility, efficiency, effectiveness, deterrence, impartiality and neutrality for building up of institutional foundations to prevent and control maladministration. The participants agreed that adoption of these principles was essential for addressing systemic issues for better service delivery to the citizens aggrieved at the hands of public functionaries.

Advisor Income Tax at Islamabad HQs participated in another training workshop organized under RETA at Manila from 22-26 August 2010. The workshop aimed at strengthening and promoting the capacity of Ombudsman offices across Asia through peer to peer learning and knowledge sharing. It brought together the heads of various Ombudsman offices and accountability institutions, academic scholars and representatives of non-governmental organizations in Asia, to discuss and analyze various

***The FTO
Office plans
to have a
web-based,
interactive
complaint
filing system.***

factors that impinge upon the independence, accessibility and mandate of an Ombudsman. During the conference, five country specific studies including one on “Ombudsmanship and Accountability in Pakistan” were presented.

The 31st Annual Conference of United States Ombudsman Association was attended by Advisor at Regional office Lahore from 4-8 October 2010, at Dayton, Ohio, USA. The theme of this conference was “Soaring to New Heights: Innovation in Ombudsmanship”. It focussed on development of values, ethics and skills while stressing upon the maintenance of international standards in addressing various issues. It laid emphasis on ethical conduct required of an Ombudsman's office and its responsibility to promote and demonstrate ethical values in discharge of its duties. Topics like interviewing and investigative techniques and report writing were discussed along with application of theoretical knowledge for efficient time management, creative resolutions, addressing systemic issues, ensuring outcome and generating different options. One session focussed on specific needs of vulnerable populations. Dealing with aggressive, uncivil, abusive individuals and non-responsive and non-cooperative public functionaries was also discussed. The participants were advised to develop a foundation of trust, good listening and improved communication skills in

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dealing with such people and to recognize a complainant's face-saving needs to mitigate the conflict. A seminar on advanced legal writing and editing was also organized on 5th October 2010, focussing on analytical and persuasive writing, with primary emphasis on five major skills: framing issues, simple style, creating smooth flow between sentences, transition from paragraph to paragraph, and writing clearly and convincingly.

The FTO personally also participated in a number of seminars and conferences, in addition to inspecting models of modern complaint handling systems being practised in Sweden, USA and Malaysia.

As institution building is an ongoing process, the FTO Secretariat is exploring further training opportunities at home and abroad to enhance core capacities of its investigation staff, to create and sustain an institutional infrastructure that could ultimately develop into a power house of good governance and accountability.

Although the FTO Office has hugely benefitted from foreign trainings, workshops, seminars and conferences and has achieved significant progress in building up its IT infrastructure, introducing paperless environment, enhancing its accessibility to a wider community of taxpayers, and in raising the quality of its investigations, the pace of progress is

hampered due to inadequacies of organizational infrastructure and budget. Inadequate office accommodation has also remained one of the most acute deficiencies.

***There is no virtue so truly
great and godlike as justice.***

Joseph Addison



Challenges

MISUSE OF REPRESENTATIONS

The FBR officials invariably raise jurisdiction-related objections when taxpayers file complaints with the FTO Office. After the FTO's findings are delivered, a certain number of cases involving gross maladministration, especially those where responsibility of staff is required to be fixed is represented against before the Hon'ble President of Pakistan. In this way, tax officials take undue advantage of the automatic stay granted through these Representations, as a notification of the law and Justice Division allowed suspension of the FTO recommendations during the pendency of the appeal. However, according to the law, mere filing of an appeal and Representation against the FTO decisions would not operate as stay unless an order is specifically obtained in each individual case. On 26 January 2005, a reference was made to the President of Pakistan by the then FTO, Mr Justice (R) Munir A. Sheikh. It appears that this reference did not attract the attention of the President's

Secretariat. This issue of automatic stay in the cases of Representations constitutes a critical challenge to the Revenue Division as well as the FTO Office because its misuse denies the relief given by the FTO Office to aggrieved taxpayers and allows the guilty tax officials go scot free.

Justice delayed, is justice denied.

William Gladstone



Interaction with Stakeholders

- February 15 - The FTO visited the Sialkot Chamber of Commerce and Industry.
- March 8 - The FTO visited the Lahore Chamber of Commerce & Industry.
- March 19 - The FTO visited the Sindh Industrial Trading Estate (SITE) Industrial Area in Karachi.
- March 27 - The FTO attended a Tax Commissioner's Conference organised by the FBR on the "FTO's Role in Combating Tax Mal-administration" in Islamabad and delivered a speech on the subject.
- April 3 - The FTO visited the Directorate General of Training & Research, Inland Revenue, Lahore.
- April 6 - The FTO addressed participants at the Tax Collectors Conference held by the FBR in Islamabad.
- April 17 - The FTO visited the Pakistan Hosiery Manufacturers and Exporters



Association (PHMEA) in Karachi.

- April 28 - The FTO visited the Gujrat Chamber of Commerce & Industry.
- July 29 - The FTO delivered a speech at the Summer School of Pakistan Tax Bar Association (PTBA), Murree.
- August 3 - The FTO visited the Multan Chamber of Commerce and Industry.
- August 5 - The FTO addressed at a seminar on “Measures to Enhance Transparency in Tax Collection and Role of FTO” organised by the Transparency International (TI) in Karachi.
- September 23 - The FTO attended workshop on “Ensuring Relief, Rehabilitation & Recommendation Funds” organised by Transparency International, Pakistan.
- October 20 - FTO visited the Lahore Tax Bar Association.

FTO VISIT TO THE SIALKOT CHAMBERS OF COMMERCE AND INDUSTRY



Dr Muhammad Shoaib Suddle, the Federal Tax Ombudsman, accompanied by Mr Yasin Tahir, Senior Advisor, FTO Secretariat, Islamabad, the FTO's Advisors at the Regional Office, Lahore, and senior officers of the Department of Inland Revenue (RTO Sialkot), visited the Sialkot Chambers of Commerce & Industry on 15 February. The FTO addressed the members of the Chamber and explained the role of the FTO in dealing with maladministration in the offices of the FBR. Mr Muhammad Ishaq Butt, the President of the SCC&I, lauded the work being done by the FTO. A-Q&A session followed. The FTO and his colleagues also visited Sambrial Dryport and Sialkot International Airport to see how tax officials function on these sites.

FTO VISIT AND MEETING WITH THE MEMBERS OF THE SITE INDUSTRIAL AREA IN KARACHI

FTO Dr Shoaib Suddle visited the Sindh Industrial Trading Estate (SITE), Association of Industry, offices in Karachi on 19 March 2010 and met with Mr Salim Parekh, SITE Chairman, members and office-bearers of the organisation and discussed with them measures required to eliminate maladministration by tax functionaries. The FTO was accompanied by Mr Mumtaz Ahmad, the Advisor-in-Charge of the FTO Regional Office in Karachi. The FTO explained the steps being taken to improve the working of the FTO Secretariat, including the IT enablement, networking of the FTO Office and the online complaint management system. The meeting was followed by a Q & A session in which the SITE members placed before the FTO various problems and issues faced by them and sought the FTO's assistance.

FTO VISIT TO PHMEA, KARACHI



FTO Dr Shoab Suddle, visited the office of the Pakistan Hosiery Manufacturers and Exporters Association (PHMEA), Karachi, met the association members and discussed with them issues relating to maladministration. He also explained the role of the FTO and highlighted its work since its inception in 2000 and the steps taken since his assumption of office in June 2009. The FTO listened to the grievances of the members of the association, including the issues of stuck sales tax refunds, pending duty drawback claims, time-barred audit and stereo typical audit notices, and notices for charge of Workers Welfare fund in cases covered by the final tax regime. The FTO asked the office-bearers to prepare briefs on each issue so that the same could be addressed properly. The PHMEA

office bearers M/s Rana Muhammad Mushtaq Khan, Central Chairman, Akhtar Younis, Chairman Southern Zone and Jawaid Bilwani, Coordinator presented the members' complaints. They appreciated the FTO's pro-active initiative in holding meetings with the trade bodies. The FTO accepted their suggestion of taking aboard an Association representative on the FTO's Advisory Committee. The FTO also answered questions asked by the members and the Press.

THE VISIT TO THE GUJRAT CHAMBER OF COMMERCE & INDUSTRY

In some instances taxpayers' counsels were blacklisted by the tax officials for pursuing their clients' refund cases.

On an invitation of the Gujrat Chamber of Commerce and Industry, FTO Dr Shoaib Suddle, accompanied by Mr Yasin Tahir, senior Adviser, FTO Secretariat, Islamabad and FTO's Advisers at the Regional Office, Lahore, visited the Gujrat Chamber of Commerce and Industry.

In his Welcome Address, Mr Imtiaz Ahmad, President GCC&I, lauded the FTO Office' role in addressing the taxpayers' grievances with regard to maladministration by the FBR functionaries. He said that taxpayers were more than willing to play their due role in revenue mobilization provided they were dealt with fairly and their genuine grievances and problems were redressed. He complained that businessmen's experience with the FBR functionaries had not been helpful because any attempt by taxpayers and their counsels to get their grievances redressed in matters like payment of refund claims evoked a negative response from the FBR establishment. He said in some instances taxpayers' counsels were blacklisted by the

Department for pursuing their clients' cases.

FTO Dr Shoaib Suddle gave an overview of the working of the Federal Tax Ombudsman's office and said that most of the Recommendations made were implemented by the FBR. Representations before the President were filed in about 15 percent cases. Almost 80 percent of the President's decisions confirmed the FTO's Recommendation. The FTO also answered the questions raised by the members of the chamber.

AN EXCERPT FROM FTO's SPEECH AT
THE SUMMER SCHOOL OF PAKISTAN
TAX BAR ASSOCIATION (PTBA),
MURREE

*without
meaningful
support of tax
bars it won't
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milestones in
the FTO's
history.*

“Our intervention exceptionally led to refunds to hapless taxpayers to the tune of more than Rs. 1 billion during Jan-Jun of 2010, as against refunds involving a relatively paltry sum of Rs. 840 million over the past five years. Disturbingly, some of these refund cases were 5-15 year old. I believe without meaningful support of tax bars it won't have been possible to achieve such milestones in the FTO's history. Indeed it is a matter of pride that the FTO has been able to make a difference in the lives of so many taxpayers of Pakistan. I look forward to welcoming your suggestions how further to improve the quality of Tax Ombudsman's services, and thereby contribute to achieving the cherished goal of good governance. I once again thank PTBA for affording me the opportunity to interact with you this evening.”

- FTO Dr Shoaib Suddle

FTO AT A SEMINAR ORGANISED BY THE TRANSPARENCY INTERNATIONAL (TI) IN KARACHI

***If we really
want to
improve tax
collection, we
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taxpayers
fairly.***

In his address at the seminar, FTO Dr Shoaib Suddle stressed the need for promulgating a "Taxpayers' Bill" He said the FTO Office is making all-out efforts to avoid cumbersome and lengthy formal procedures for seeking justice by taxpayers besides adopting unbiased and professional approaches to decide matters. He said the office has set a target to resolve around 60 percent of total complaints received by the office in 60 days. He urged the top officials of the Federal Board of Revenue (FBR) to oblige the decisions given by the FTO office within 30 days.

Dr Suddle said his office had decided some 805 complaints through suo moto notices in 2010. The FTO said: "If we really want to improve tax collection, we need to treat taxpayers fairly."

The FTO asked the Transparency International Pakistan to conduct a third party review of the FTO Office, which would help improve the performance of the organisation and also urged the authorities concerned to make a comprehensive and reasonable tax system for bona fide taxpayers.

FTO VISIT TO LAHORE TAX BAR ASSOCIATION

“The role of tax bar in instigating institutional change for the better in both FTO Office and the FBR cannot be overemphasized. Due to their close association with taxpayers, the tax lawyers have a unique vantage point and are ideally placed to understand the internal dynamics of organizations dealing with tax-related matters. However, for a more positive interaction between them and the FTO Office, it is imperative that we have an institutional framework for more frequent and useful exchange of ideas concerning the taxpayers' issues. In this context, the FTO Office will appoint at its Advisory Committee the persons of eminence in legal fraternity to assist the FTO in the efficient discharge of his duties.”

An excerpt from the speech of FTO Dr Shoaib Suddle



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**We diagnose, investigate,
redress and rectify any injustice done
to taxpayers by FBR officials**

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